corporation wholly owned or controlled by the United States) which conducted operations in the Canal Zone.

§ 253.3 Establishment of Panama Canal Employment System; scope and requirements.

- (a) There is hereby established a Panama Canal Employment System. The employment system is a system of:
- (1) Selection for appointment, reappointment, reinstatement, reemployment and retention with respect to positions, employees, and individuals under consideration for appointment; and
- (2) Regulations concerning other matters related to employment in an agency, as prescribed in this chapter.
- (b) The Panama Canal Employment System shall:
- (1) Be based on the consideration of the merit of each employee or candidate for employment and the qualifications and fitness of the employee or candidate to hold the position concerned:
- (2) Be subject to the provisions of the Panama Canal Treaty of 1977 and related agreements and any other applicable provision of law;
- (3) Apply uniformly within and among all agencies, positions, employees and individuals concerned;
- (4) Conform, to the extent practicable and consistent with the provisions of law, to the policies, principles, and standards applicable to the competitive service;
- (5) In the case of employees who are citizens of the United States, provide for the appropriate interchange of those employees between positions under this system and positions in the competitive service; and
- (6) In the case of non-Panamanian employees hired on or after October 1, 1979, include a policy for their periodic rotation in accordance with the Panama Canal Treaty or the Agreement in Implementation of Article IV thereof.
- (c) The Panama Canal Commission and, to the extent of any election pursuant to law and paragraph (d) of this section, any other agency shall conduct their employment practices in accordance with this system and the regulations in this part and in part 251 of this chapter.

(d) The head of any Executive Agency and the Smithsonian Institution may elect to have the Panama Canal Employment System made applicable in whole or in part to personnel of that agency in the Republic of Panama.

(e) Provisions for interchange between this system and the competitive service which involve movement from this system to the competitive service shall be subject to the concurrence of the Office of Personnel Management.

§253.4 Coverage and exclusions.

- (a) Applicability. Except as otherwise provided by an agency head in adopting this employment system for application to an agency, the regulations in this part apply to all applicants for employment and employees, irrespective of citizenship, and to all positions except the employees and positions excluded pursuant to §253.8.
- (b) *Exclusions*. The Assistant Secretary of Army may exclude employees or positions from any or all provisions of this part and may revoke such exclusions

§ 253.5 Central Examining Office.

- (a) There is established the Central Examining Office.
- (b) The purpose of the Central Examining Office is to assist in implementing the Panama Canal Treaty and related agreements with respect to recruitment, examination, determination of qualification standards, and similar matters.
- (c) Authority of the Central Examining Office. The CEO may, subject to policy direction of the PAPB:
- (1) Develop examination rating guides.
- (2) Conduct, or arrange for, such recruitment and examining programs as may be required to insure an adequate supply of qualified eligibles.
- (d) The Central Examining Office shall serve all agencies equally, and shall not give preference to any agen-

§ 253.6 Review by the Office of Personnel Management.

The Office of Personnel Management shall make periodic reviews of the operations of the Panama Canal Employment System for conformity with the

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requirements of applicable portions of Title 5, United States Code, this part, and part 251, and shall report its findings to the Panama Area Personnel Board.

§ 253.7 Deviations.

Whenever strict compliance with the letter of the regulations in this part would create practical difficulties or undue hardships, the Panama Area Personnel Board may permit a deviation from these regulations. Such authority may be exercised only if the deviation is within the spirit of the regulations, and the efficiency of the U.S. Government and the integrity of the Panama Canal Employment System are protected and promoted. Any deviation authorized, and the reasons therefor, shall be made a matter of record.

§253.8 Exclusions.

- (a) Pursuant to the provisions of §253.4(b), the positions specified by paragraphs (b), (c), (d), and (e) of this section, and incumbents thereof, are excluded, to the extent indicated, from the provisions of Subchapter II and the regulations in this part, with the exception of §253.47, and in part 251 of this chapter.
- (b) The following positions are excluded from all the provisions of subchapter II (except sections 1217 and 1218) and from the regulations in this part and in part 251 of this chapter (except for §§ 251.25, 251.31 and 251.32 of this chapter):
- (1) The Administrator, Deputy Administrator, Chief Engineer, Chief Financial Officer, Inspector General, Assistant to the Chairman and Secretary, and Assistant to the Secretary for Congressional Affairs of the Panama Canal Commission.
- (2) Persons in the active military, naval, or public health service of the United States appointed to the Panama Canal Commission.
- (3) Consultants and experts when employed under the provisions of 5 U.S.C. 3109 or other statutory authority.
- (4) Any employee excluded by 5 U.S.C. 2105(c) from coverage under laws administered by the Office of Personnel Management.
 - (5) The Ombudsman.

- (6) Positions in the Panama Canal Commission and the incumbents thereof, if a substantial portion of the duties and responsibilities are performed in the United States. All of the rights and privileges which are provided by applicable laws and regulations for citizens of the United States employed in the competitive service, except Title 5 U.S. Code, Chapter 43 pertaining to performance appraisal, are extended to the incumbents of such positions, other than the Secretary and the Assistant to the Secretary for Congressional Affairs of the Panama Canal Commission.
- (c) The following positions, and the incumbents thereof, are excluded from the provisions of section 1212 of the Panama Canal Act which provide for merit selection for employment, section 1213 of the said Act and Subparts B and C of the regulations in this part:
 - (1) Attorneys.
- (2) Positions designated as fee-rate positions within the Special Category established by §251.24.
- (3) Positions requiring part-time or intermittent services in which the individual appointee will receive during his service year compensation that aggregates not more than 40 percent of the annual salary rate for the first step of grade 3 in the applicable Non-Manual schedule.
- (4) Positions designated by the agency as appropriate for use as Student Trainee positions and which are filled under a cooperative work-study agreement between an agency and a college or university approved for participation in such a program by the agency.
- (5) Positions that are filled by mentally retarded or severely physically handicapped persons pursuant to regulations issued by the agency. Such regulations shall conform, in substance, to those utilized to authorize appointment of the aforesaid classes of persons in Federal employment in the United States.
- (6) The positions in the Panama Canal Commission of Deputy Chief Engineer and Associate Ombudsman.
 - (7) Student assistant positions.
- (8) Any service employee assigned to the residence of the Administrator of the Panama Canal Commission when so designated by the Administrator.